

Message Text

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PAGE 01 KUWAIT 00328 181040Z
ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 NEA-10 ISO-00
SOE-02 AID-05 CEA-01 CIAE-00 COME-00 DODE-00
DOE-11 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05
OMB-01 PM-05 USIA-06 OES-07 SP-02 SS-15 STR-06
TRSE-00 ACDA-12 IO-13 /168 W
-----040817 181933Z /44

R 180952Z JAN 78
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 9949
INFO AMEMBASSY ABU DHABI
AMEMBASSY ALGIERS
USINT BAGHDAD POUCH
AMEMBASSY BRUSSELS
AMEMBASSY CARACAS
AMCONSUL DHAHRAN
AMEMBASSY DOHA
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY QUITO
AMEMBASSY TEHRAN
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA

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USEEC

E.O. 11652: N/A
TAGS: ENRG, OPEC
SUBJECT: KUWAIT MAKES EXISTING REBATE OFFICIAL PRICE
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REDUCTION

REF: KUWAIT 0116 AND PREVIOUS

1. GOK JANUARY 17 ANNOUNCED A 10 CENT REDUCTION IN ITS
PRICE OF CRUDE OIL TO 12.27 DOLLARS A BARREL BACKDATED TO
JANUARY 1. THIS PRICE IS NO DIFFERENT FROM THE EFFECTIVE

PRICE OFFERED ALL CRUDE PURCHASERS WITH LONG TERM CONTRACTS FROM JUNE 1, 1977. HOWEVER IT REPRESENTS A SLIGHT IMPROVEMENT FOR CRUDE OIL CUSTOMERS SINCE THEY DO NOT HAVE TO MEET CONTRACT MINIMUMS OR WAIT FOR THE END OF A SIX-MONTH PERIOD TO RECEIVE THIS REDUCTION AS WAS PREVIOUSLY THE CASE.

2. KUWAITI PRESS ERRONEOUSLY REPORTED THAT GOK HAD ALSO SOFTENED CREDIT TERMS FROM 30 TO 60 DAYS. CREDIT TERMS WERE 60 DAYS BEFORE JAN. 17 OFFICIAL PRICE REDUCTION.

3. KUWAITI DECISION COMES AFTER REGULAR QUARTERLY DISCUSSIONS WITH THREE MAJOR OFF-TAKERS (GULF, BP AND SHELL). WHO POINTED OUT THAT PRESENT MARKET FOR HEAVY KUWAITI CRUDE WAS WEAK AND THAT REBATE SYSTEM TIED TO MEETING CONTRACTUAL MINIMUMS WAS CUMBERSOME (OFF-TAKERS RISKED LOSING REBATE FOR ENTIRE SIX-MONTH PERIOD IF FOR TECHNICAL OR OTHER REASONS ONE OF THEIR TANKERS AT THE END OF THE PERIOD DID NOT REACH KUWAIT; OFF-TAKERS HAD TO PASS ON REBATE TO THEIR CUSTOMERS WITHOUT ASSURANCE THAT THEY THEMSELVES WOULD RECEIVE IT.) REP. OF ONE LARGE OFF-TAKER COMMENTED TO US THAT OFFICIAL \$12.27 PRICE WAS STEP IN THE RIGHT DIRECTION BUT STILL TOO HIGH COMPARED TO PRESENT SPOT PRICE FOR KUWAITI CRUDE OF APPROXIMATELY \$12.12 IN ROTTERDAM AND THE FAR EAST. HE OPINED THAT KUWAIT MOVE WAS PRELUDE TO PUSH BY KUWAIT AT FEBRUARY 1ST LIMITED OFFICIAL USE

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GENEVA MEETING ON DIFFERENTIALS TO REALIGN GULF OIL PRICES IN KUWAIT'S FAVOR.
MAESTRONE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, EXPORTS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780027-0516
Format: TEL
From: KUWAIT USEEC
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1978/newtext/t19780151/aaaabqjy.tel
Line Count: 97
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a2b4cfe2-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
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Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
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Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
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Secure: OPEN
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TAGS: ENRG, OPEC
To: STATE
Type: TE
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